

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

INDEPENDENT AUDITOR'S REPORTS
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEARS ENDED JUNE 30, 2021 AND 2020

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Contents

| | <u>Page</u> |
|---|-------------|
| OFFICIALS | 1 |
| INDEPENDENT AUDITOR'S REPORT | 2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 3 |
| FINANCIAL STATEMENTS: | |
| Statements of Net Position | 4 |
| Statements of Support, Revenues, Expenses and Changes in Net Position | 5 |
| Statements of Cash Flows | 6 |
| Notes to Financial Statements | 8 |
| REQUIRED SUPPLEMENTARY INFORMATION: | |
| Schedule of the Organization's Proportionate Share of the Net Pension Liability | 24 |
| Schedule of Organization's Contributions | 25 |
| Notes to Required Supplementary Information - Pension Liability | 26 |
| SUPPLEMENTARY INFORMATION: | |
| Schedule of Expenditures of Federal Awards | 27 |
| Schedules of Transit Agency Support, Revenues and Expenses | 29 |
| Schedules of Planning Council Support, Revenues and Expenses | 30 |
| COMMENTS AND RECOMMENDATIONS: | |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u> | 31 |
| Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance | 33 |
| Schedule of Findings and Questioned Costs | 35 |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Officials
June 30, 2021

Member

John Hartkopf
Dave Jones, **Treasurer**

Chris Clark
Susan Shepherd

John Straight
Sherman Struble, **Secretary**

Richard Crouch

Donna Robinson
Brad Wright

Alan Armstrong, **Vice-Chairperson**
AJ Lyman

Lynn Grobe

Terry Arentson
Charles Parkhurst

Matt Smith
Todd Valline, **Chairperson**
Deb Frazee

Representing

Cass County
Cass County

Fremont County
Fremont County

Harrison County
Harrison County

Mills County

Montgomery County
Montgomery County

Page County
Page County

Pottawattamie County

Shelby County
Shelby County

Health and Human Services
Economic Development
Education

Executive Director

John McCurdy

Finance Director

Rhonda Oliphant

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

INDEPENDENT AUDITOR'S REPORT

To the Policy Council
Southwest Iowa Planning Council and
Southwest Iowa Transit Agency
Atlantic, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency (a 28E Organization) which comprise the statements of net position as of June 30, 2021 and 2020 and the related statements of support, revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

To the Policy Council
Southwest Iowa Planning Council and
Southwest Iowa Transit Agency

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency as of June 30, 2021 and 2020 and the changes in its financial position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Schedule of the Organization's Proportionate Share of the Net Pension Liability and the Schedule of Organization's Contributions on pages 3 through 3c and on pages 24 through 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency, basic financial statements. The supplementary information on pages 1 and 27 through 30, including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. Code of Federal Regulations, Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

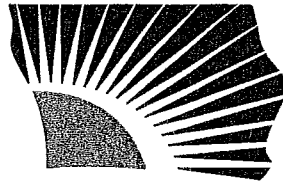
To the Policy Council
Southwest Iowa Planning Council and
Southwest Iowa Transit Agency

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated December 1, 2021 on our consideration of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency internal control over financial reporting and compliance.

Acornwood, Bell, Thyer - W. P. C.

Atlantic, Iowa
December 1, 2021



A Bright Look Ahead™

**SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Southwest Iowa Planning Council, including Southwest Iowa Transit Agency (SWIPCO) provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal years ended June 30, 2021, 2020, and 2019. We encourage readers to consider this information in conjunction with SWIPCO's financial statements, which follow.

2021 FINANCIAL HIGHLIGHTS

- SWIPCO's operating revenues increased 56%, or \$2,749,928, from fiscal 2020 to fiscal 2021. Federal Transit funds increased by 70% and State Transit funds increased by 17%. Community Development Block Grants, RLF Grants, and Housing grants increased.
- SWIPCO's operating expenses were 10%, or \$557,243 more in fiscal 2021 than in fiscal 2020 due mainly to salaries, employee benefits, depreciation and purchased transportation.
- Net position, or total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources, increased by approximately \$2,702,000 during fiscal 2021, an increase of approximately 45%.

2020 FINANCIAL HIGHLIGHTS

- SWIPCO's operating revenues increased 17%, or \$698,779, from fiscal 2019 to fiscal 2020. Federal Transit funds increased by 85% and State Transit funds increased by 10%. Community Development Block Grants, RLF Grants, and Housing grants increased.
- SWIPCO's operating expenses were 6%, or \$292,060 more in fiscal 2020 than in fiscal 2019 due mainly to salaries to meet demand.
- Net position, or total assets and deferred outflows of resources net of total liabilities and deferred inflows of resources, decreased by approximately \$347,000 during fiscal 2020, a decrease of approximately 5%.

USING THIS ANNUAL REPORT

Southwest Iowa Planning Council, including Southwest Iowa Transit Agency is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to SWIPCO's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statement and provides an analytical overview of SWIPCO's financial activities.

The Statement of Net Position presents information on SWIPCO's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of SWIPCO is improving or deteriorating.

The Statement of Support, Revenues, Expenses and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on operating revenues and expenses, non-operating revenues and expenses, and whether SWIPCO's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in SWIPCO's cash and cash equivalents during the year. This information can assist the user of the report in determining how SWIPCO financed its activities and how it met its cash requirements.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the Organization's proportionate share of the net pension liability and related contributions.

Supplementary information provides detailed information about the revenues, expenses, and changes in net position, in addition to providing detailed information about the grant activity. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefitting the Agency.

FINANCIAL ANALYSIS OF THE AGENCY

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of SWIPCO's financial position. SWIPCO's net position at the end of fiscal 2021 totaled \$8,714,205, this compares to \$6,012,210 at the end of fiscal 2020. A summary of SWIPCO's net position is presented below.

| | Net Position | | |
|---|----------------------|---------------------|---------------------|
| | 2021 | 2020 | 2019 |
| Current Assets | \$ 5,570,644 | \$ 3,730,392 | \$ 3,429,009 |
| Designated and Restricted Assets | 1,011,903 | 571,295 | 563,963 |
| Capital Assets | 3,999,808 | 3,348,489 | 3,903,291 |
| Deferred Outflows of Resources | <u>689,672</u> | <u>665,158</u> | <u>730,353</u> |
| Total Assets and Deferred Outflows of Resources | <u>\$ 11,272,027</u> | <u>\$ 8,315,334</u> | <u>\$ 8,626,616</u> |
| Current Liabilities | \$ 208,849 | \$ 160,041 | \$ 238,292 |
| Long-Term Liabilities | 2,275,605 | 1,848,436 | 1,913,126 |
| Deferred Inflows of Resources | 73,368 | 294,647 | 116,301 |
| Net Position | <u>8,714,205</u> | <u>6,012,210</u> | <u>6,358,897</u> |
| Total Liabilities, Deferred Inflows of Resources and Net Position | <u>\$ 11,272,027</u> | <u>\$ 8,315,334</u> | <u>\$ 8,626,616</u> |

Statement of Support, Revenues, Expenses, and Changes in Net Position

Operating revenues are received from federal grants, state grants, and other local sources. Operating expenses are to operate the transit system and programs. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of support, revenues, expenses, and changes in net position for the years ended June 30, 2021, 2020, and 2019 are presented below:

| | Changes in Net Position | | |
|--|-------------------------|---------------------|---------------------|
| | <u>2021</u> | <u>2020</u> | <u>2019</u> |
| Public Support and Revenues: | | | |
| Public Support | \$ 5,305,434 | \$ 3,320,022 | \$ 3,000,406 |
| Revenues | <u>2,347,869</u> | <u>1,583,353</u> | <u>1,204,190</u> |
| Total Operating Revenue | <u>7,653,303</u> | <u>4,903,375</u> | <u>4,204,596</u> |
| Operating Expenses | <u>6,050,901</u> | <u>5,493,658</u> | <u>5,201,598</u> |
| Operating Income (Loss) | 1,602,402 | (590,283) | (997,002) |
| Non-Operating Revenue (Expenses): | | | |
| Interest Income | 1,679 | 18,450 | 38,886 |
| Capital Grants | 1,088,987 | 197,134 | 425,400 |
| Gain (Loss) on Sale of Assets | <u>8,927</u> | <u>28,012</u> | <u>(3,511)</u> |
| | <u>1,099,593</u> | <u>243,596</u> | <u>460,775</u> |
| Excess of Support and Revenue Over Expenses (Expenses Over Support and Revenues) and Increase (Decrease) in Net Position | 2,701,995 | (346,687) | (536,227) |
| Net Position Beginning of Year | <u>6,012,210</u> | <u>6,358,897</u> | <u>6,895,124</u> |
| Net Position End of Year | <u>\$ 8,714,205</u> | <u>\$ 6,012,210</u> | <u>\$ 6,358,897</u> |

The Statement of Support, Revenues, Expenses, and Changes in Net Position reflects an increase in the net position at the end of the fiscal year.

- Net position for the year increased \$2,701,995.
- SWIPCO's operating expenses (without depreciation) were \$5,199,322 and operating revenues were \$7,653,303. With depreciation, the total expenses were \$6,050,901 and operating revenues remained at \$7,653,303.
- State funds and federal funds for the year totaled \$5,150,109. These same funding sources for the previous fiscal year totaled \$3,166,864. These same funding sources are projected to remain in 2022 at roughly equivalent levels to fiscal 2021, except as discussed in Note K to the financial statements.

Statement of Cash Flows

The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, noncapital related financing, capital and related financing and investing activities. Cash provided by the operating activities includes federal and state support, program reimbursements, and other revenue, reduced by payments to employees and to suppliers. Cash used by capital and related financing activities includes capital grants, sale of assets, and purchase of capital assets. Cash used in investing activities includes interest income and changes in designated and restricted assets.

CAPITAL ASSETS

At June 30, 2021, SWIPCO had \$9,107,559 invested in capital assets, net of accumulated depreciation of \$5,107,751. Depreciation expense totaled \$851,579 for fiscal year 2021. More detailed information about SWIPCO's capital assets is presented in Note E to the financial statements.

ECONOMIC FACTORS

Southwest Iowa Planning Council's, including Southwest Iowa Transit Agency Board of Directors (with input from local elected officials and citizens) considered various factors when setting the fiscal year 2022 budget and fees that will be charged for agency activities. SWIPCO's general operations are expected to remain consistent with the previous year, but could vary according to contracts received during the year. Changes in payments for transportation for clients who receive Medicaid benefits are anticipated to be variable due to ongoing changes in Iowa's Medicaid program. In general, transportation for the disabled is anticipated to continue to become less efficient over time as disabled clients are transported more and more to dispersed sites rather than to centralized training centers as in the past, with associated increases in per trip costs.

CONTACTING SWIPCO'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of SWIPCO's finances and to show SWIPCO's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Southwest Iowa Planning Council, 1501 SW 7th St., Atlantic, IA 50022.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Statements of Net Position
June 30,

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|---------------------|
| Current Assets: | | |
| Cash | \$ 3,221,307 | \$ 2,432,326 |
| Accounts receivable | 2,018,033 | 1,056,368 |
| Prepaid expenses | <u>331,304</u> | <u>241,698</u> |
| Total current assets | 5,570,644 | 3,730,392 |
| Designated and Restricted Assets: | | |
| Internally designated assets | 49,778 | 40,015 |
| Restricted assets | <u>962,125</u> | <u>531,280</u> |
| | 1,011,903 | 571,295 |
| Capital Assets: | | |
| Depreciable capital assets, net | 3,706,913 | 3,055,594 |
| Non-depreciable capital assets | <u>292,895</u> | <u>292,895</u> |
| | <u>3,999,808</u> | <u>3,348,489</u> |
| Total assets | 10,582,355 | 7,650,176 |
| Deferred Outflows of Resources - Pension | <u>689,672</u> | <u>665,158</u> |
| Total assets and deferred outflows of resources | <u>\$ 11,272,027</u> | <u>\$ 8,315,334</u> |

The accompanying notes are an integral part of these statements.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

| | <u>2021</u> | <u>2020</u> |
|--|----------------------|---------------------|
| Current Liabilities: | | |
| Accounts payable | \$ 36,158 | \$ 32,564 |
| Accrued employee compensation | 128,234 | 85,607 |
| Payroll taxes withheld and accrued | 44,457 | 41,870 |
| Total current liabilities | <u>208,849</u> | <u>160,041</u> |
| Net Pension Liability | <u>2,275,605</u> | <u>1,848,436</u> |
| Total liabilities | <u>2,484,454</u> | <u>2,008,477</u> |
| Deferred Inflows of Resources: | | |
| Grant proceeds | 19,430 | 19,891 |
| Pension related amounts | 53,938 | 274,756 |
| Total deferred inflows of resources | <u>73,368</u> | <u>294,647</u> |
| Net Position: | | |
| Invested in capital assets, net of related debt | 3,999,808 | 3,348,489 |
| Restricted - expendable | 962,125 | 531,280 |
| Unrestricted | 3,752,272 | 2,132,441 |
| Total net position | <u>8,714,205</u> | <u>6,012,210</u> |
| Total liabilities, deferred inflows of resources and net position | <u>\$ 11,272,027</u> | <u>\$ 8,315,334</u> |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Statements of Support, Revenues, Expenses and Changes in Net Position
Year ended June 30,

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Public Support and Revenues: | | |
| Public support | \$ 5,305,434 | \$ 3,320,022 |
| Revenues | <u>2,347,869</u> | <u>1,583,353</u> |
| | 7,653,303 | 4,903,375 |
| Expenses: | | |
| Salaries | 2,762,139 | 2,558,668 |
| Bad debts | 9,689 | -- |
| Depreciation | 851,579 | 709,683 |
| Employee benefits | 679,428 | 642,210 |
| Grant administration | 83,364 | 95,724 |
| Insurance | 261,289 | 244,468 |
| Lubricants and fuel | 351,451 | 356,986 |
| Payroll taxes | 220,429 | 210,354 |
| Postage | 1,526 | 2,863 |
| Purchased transportation | 188,818 | 88,221 |
| Repairs and maintenance | 374,559 | 203,456 |
| Space costs | 104,410 | 115,792 |
| Transit operations | <u>162,220</u> | <u>265,233</u> |
| | 6,050,901 | 5,493,658 |
| Income (Loss) from Operations | 1,602,402 | (590,283) |
| Non-Operating Revenue (Expense): | | |
| Interest income | 1,679 | 18,450 |
| Gain on sale of assets | <u>8,927</u> | <u>28,012</u> |
| | 10,606 | 46,462 |
| Excess of Support and Revenues Over Expenses (Expenses Over Support and Revenues) Before Capital Grants | 1,613,008 | (543,821) |
| Capital Grants | <u>1,088,987</u> | <u>197,134</u> |
| Increase (Decrease) in Net Position | 2,701,995 | (346,687) |
| Net Position Beginning of Year | <u>6,012,210</u> | <u>6,358,897</u> |
| Net Position End of Year | <u>\$ 8,714,205</u> | <u>\$ 6,012,210</u> |

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Statements of Cash Flows
Year ended June 30,

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Cash flows from operating activities: | | |
| Cash received from customers and agencies | \$ 6,681,488 | \$ 4,536,640 |
| Cash paid to suppliers | (2,329,082) | (2,113,382) |
| Cash paid to employees | <u>(2,719,512)</u> | <u>(2,580,708)</u> |
| Net cash provided by (used in) operating activities | 1,632,894 | (157,450) |
| Cash flows from capital and related financing activities: | | |
| Capital expenditures | (1,503,841) | (312,952) |
| Proceeds from capital grants | 1,088,987 | 197,134 |
| Proceeds from sale of assets | <u>9,870</u> | <u>186,083</u> |
| Net cash provided by (used in) capital and related financing activities | (404,984) | 70,265 |
| Cash flows from investing activities: | | |
| Loans receivable advances | (430,846) | (142,500) |
| Loans receivable payments received | 28,295 | 175,812 |
| Interest received | <u>1,679</u> | <u>18,450</u> |
| Net cash provided by (used in) investing activities | <u>(400,872)</u> | <u>51,762</u> |
| Net increase (decrease) in cash | 827,038 | (35,423) |
| Cash at beginning of year | <u>2,838,048</u> | <u>2,873,471</u> |
| Cash at end of year | <u>\$ 3,665,086</u> | <u>\$ 2,838,048</u> |
| Reconciliation of cash to the statements of net position: | | |
| Cash in current assets | \$ 3,221,307 | \$ 2,432,326 |
| Cash in designated and restricted assets | <u>443,779</u> | <u>405,722</u> |
| Total cash at end of year | <u>\$ 3,665,086</u> | <u>\$ 2,838,048</u> |

(continued next page)

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Statements of Cash Flows - Continued
Year ended June 30,

| | <u>2021</u> | <u>2020</u> |
|---|---------------------|---------------------|
| Reconciliation of income (loss) from operations to net cash provided by (used in) operating activities: | | |
| Income (loss) from operations | \$ 1,602,402 | \$(590,283) |
| Adjustments to reconcile income (loss) from operations to net cash provided by (used in) operating activities | | |
| Depreciation | 851,579 | 709,683 |
| Bad debts | 9,689 | -- |
| Change in assets and liabilities | | |
| Accounts receivable | (971,354) | (366,630) |
| Prepaid expenses | (89,606) | (10,820) |
| Deferred outflows of resources - pension | (24,514) | 65,195 |
| Accounts payable, trade | 3,594 | (57,674) |
| Accrued employee compensation | 42,627 | (22,040) |
| Payroll taxes withheld and accrued | 2,587 | 1,463 |
| Net pension liability | 427,169 | (64,690) |
| Deferred inflows of resources - grant proceeds | (461) | (105) |
| Deferred inflows of resources - pension | (220,818) | 178,451 |
| Total adjustments | <u>30,492</u> | <u>432,833</u> |
| Net cash provided by (used in) operating activities | <u>\$ 1,632,894</u> | <u>\$(157,450)</u> |

The accompanying notes are an integral part of these statements.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows.

1. Reporting Entity

Southwest Iowa Planning Council is a voluntary organization formed by the representatives of Harrison, Shelby, Cass, Fremont, Pottawattamie, Mills, Montgomery and Page counties in accordance with Chapter 28E of the Code of Iowa. The purpose of the Organization is to make comprehensive studies and plans for the development of the area it serves, to eliminate planning duplications, to promote governmental economy and efficiency, and to otherwise guide the unified development of the area. The Organization is governed by a seventeen member council appointed for one year terms. Southwest Iowa Transit Agency was formed to administer the transit services for District 13. The Transit Agency is not a separate and distinct entity from the Planning Council. As a combined group of political subdivisions, the Organization is exempt from income taxes.

The Organization has considered all potential component units for which it is financially accountable, and other entities for which the nature and significance of their relationship with the Organization are such that exclusion would cause the Organization's financial statements to be misleading or incomplete. The criteria for determining financial accountability include: appointing a majority of an entity's governing body, and (a) the Organization's ability to impose its will on that entity, or (b) the potential for the entity to provide benefits to or impose financial burdens on the Organization. The Organization has no component units.

2. Basis of Presentation

The Statement of Net Position displays the Organization's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position:

- a. *Nonexpendable* - Nonexpendable net position is subject to externally imposed stipulations which require them to be maintained permanently by the Organization.
- b. *Expendable* - Expendable net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

When both restricted and unrestricted net position is available for use, generally it is the Organization's policy to use restricted net position first.

3. Measurement Focus and Basis of Accounting

Measurement focus refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accompanying basic financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the liability is incurred.

4. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

5. Accounts Receivable and Loans Receivable

The Organization considers accounts receivable and loans receivable (included in restricted assets on the statements of net position) to be fully collectible, accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

6. Investments

Investments are reported at fair value except for short-term highly liquid investments that have a remaining maturity at the time they are purchased of one year or less. These investments are stated at amortized cost. Interest, dividends, and gains and losses, both realized and unrealized, on investments are included in non-operating revenue when earned.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

7. Capital Assets

The Organization's capital assets are reported at historical cost. Contributed capital assets are reported at their estimated fair value at the time of their donation. Capital assets with lives in excess of four years and cost in excess of \$2,000 are capitalized. These capital assets, other than land, are depreciated or amortized (in the case of capital leases) using the straight-line method of depreciation using their estimated useful lives (ten to forty years for buildings and land improvements and five to ten years for equipment). Capital assets and depreciation expense were not recorded by the Organization prior to 1985.

8. Compensated Absences

Full-time employees of the Organization earn paid time off hours at varying rates depending on years of service, up to a maximum of 144 hours per year. Paid time off, at varying rates, up to a maximum of 144 hours may be carried over to the subsequent calendar year. Any excess over 144 hours accumulated by January 1 of each year is lost. The computed amount of paid time off earned by year end is recorded as part of accrued employee compensation.

9. Grant Revenue

Grant proceeds for operating activities are recorded in income as they are earned and are reported as a part of transit and planning council support and revenues. Capital grants are recorded as non-operating revenue. Grant proceeds received but not expended are shown as deferred inflows of resources on the statement of net position.

10. Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less, including designated and restricted assets.

11. Designated and Restricted Assets

Internally designated assets consist primarily of funds designated by the Policy Council for capital acquisitions. The Policy Council retains control over these funds, and may, at its discretion, subsequently use them for other purposes. Restricted assets include donor restricted gifts, and funds whose use is limited by law or contractual agreements.

12. Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position applicable to future periods which will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the Organization after the measurement date but before the end of the Organization's reporting period.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE A - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - Continued

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

14. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position applicable to future periods which will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources in the Statement of Net Position consists of the unrecognized items not yet charged to pension expense and the unamortized portion of the net difference between projected and actual earnings on pension plan investments and grant proceeds received but not yet expended.

NOTE B - RESTRICTED NET POSITION

Restricted expendable assets are available for the following purpose:

| | <u>2021</u> | <u>2020</u> |
|---------------------|-------------------|-------------------|
| Revolving loan fund | \$ <u>962,125</u> | \$ <u>531,280</u> |

The Organization has no restricted nonexpendable assets or endowments at June 30, 2021 or 2020.

Following is a summary of the use of temporarily restricted assets during the year ended June 30:

| | <u>2021</u> | <u>2020</u> |
|----------------------------|---------------------|-------------------|
| Purchase of capital assets | \$ <u>1,088,987</u> | \$ <u>197,134</u> |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE C - DEPOSITS

The Organization's deposits at June 30, 2021 and 2020 were entirely covered by federal depository insurance or the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds. Investments are stated as indicated in Note A.

The Organization is authorized by statute to invest public funds in obligations of the United States Government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Policy Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The composition of designated assets, which consists entirely of cash, is as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------------------|------------------|------------------|
| Internally Designated Assets: | | |
| SWIPCO: | | |
| Vehicle replacement | \$ <u>49,778</u> | \$ <u>40,015</u> |

The composition of restricted assets is as follows:

| | <u>2021</u> | <u>2020</u> |
|--------------------|-------------------|-------------------|
| Restricted Assets: | | |
| Cash | \$ 394,001 | \$ 365,707 |
| Loans receivable | <u>568,124</u> | <u>165,573</u> |
| | <u>\$ 962,125</u> | <u>\$ 531,280</u> |

Interest Rate Risk - The Organization's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Organization.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE D - FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value in the accompanying statements of net position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The fair value measurement accounting literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets (Level 1). Level 3 inputs are unobservable and have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its loans receivable. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. No Level 1 or 2 inputs were available to the Organization, therefore, Level 3 inputs were used to value its investments at June 30, 2021 and 2020.

Level 3 Fair Value Measurements

The loans receivable are not actively traded and significant other observable inputs are not available. Thus, the fair value of the loans receivable is based on contract value

The following tables set forth, by level within the fair value hierarchy, the Organization's investments at fair value as of June 30, 2021 and 2020:

| | | Fair Value Measurements at Reporting Date Using: <u>Contract</u> <u>Value</u> <u>(Level 3)</u> |
|----------------------|-------------------|--|
| <u>June 30, 2021</u> | <u>Fair Value</u> | |
| Loans receivable | \$ 568,124 | \$ 568,124 |
| <u>June 30, 2020</u> | | |
| Loans receivable | \$ 165,573 | \$ 165,573 |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE D - FAIR VALUE MEASUREMENTS - Continued

The following tables reconcile the beginning and ending balances of fair value measurements for the Organization's Level 3 assets using unobservable inputs for the years ended June 30, 2021 and 2020:

June 30, 2021

| | |
|---------------------------------|-------------------|
| Beginning balance | \$ 165,573 |
| Loans receivable advanced | 430,846 |
| Collections on loans receivable | <u>(28,295)</u> |
| Ending balance | <u>\$ 568,124</u> |

June 30, 2020

| | |
|---------------------------------|-------------------|
| Beginning balance | \$ 198,885 |
| Loans receivable advanced | 142,500 |
| Collections on loans receivable | <u>(175,812)</u> |
| Ending balance | <u>\$ 165,573</u> |

NOTE E - CAPITAL ASSETS

Capital assets, additions, disposals and balances for the years ended June 30, 2021 and 2020 were as follows:

| <u>Cost</u> | <u>Balance 2020</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 2021</u> |
|---------------------------------|-------------------------|-------------------|------------------|-------------------------|
| Land Improvements | \$ 185,304 | \$ -- | \$ -- | \$ 185,304 |
| Buildings | 1,945,894 | 14,805 | -- | 1,960,699 |
| Equipment | 203,086 | 12,397 | -- | 215,483 |
| Vehicles | <u>5,585,007</u> | <u>1,476,639</u> | <u>608,468</u> | <u>6,453,178</u> |
| | 7,919,291 | 1,503,841 | 608,468 | 8,814,664 |
| <u>Depreciation</u> | | | | |
| Land Improvements | 154,490 | 4,648 | -- | 159,138 |
| Buildings | 432,589 | 52,104 | -- | 484,693 |
| Equipment | 140,940 | 28,626 | -- | 169,566 |
| Vehicles | <u>4,135,678</u> | <u>766,201</u> | <u>607,525</u> | <u>4,294,354</u> |
| Total Depreciation | <u>4,863,697</u> | <u>851,579</u> | <u>607,525</u> | <u>5,107,751</u> |
| Depreciable Capital Assets, Net | <u>\$ 3,055,594</u> | <u>\$ 652,262</u> | <u>\$ 943</u> | <u>\$ 3,706,913</u> |
| Non-Depreciable Capital Assets: | | | | |
| Land | <u>\$ 292,895</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 292,895</u> |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE E - CAPITAL ASSETS - Continued

| <u>Cost</u> | <u>Balance 2019</u> | <u>Additions</u> | <u>Disposals</u> | <u>Balance 2020</u> |
|------------------------------------|-------------------------|---------------------|-------------------|-------------------------|
| Land Improvements | \$ 185,304 | \$ -- | \$ -- | \$ 185,304 |
| Buildings | 1,941,877 | 4,017 | -- | 1,945,894 |
| Equipment | 243,226 | 74,250 | 114,390 | 203,086 |
| Vehicles | <u>5,781,502</u> | <u>234,685</u> | <u>431,180</u> | <u>5,585,007</u> |
| | 8,151,909 | 312,952 | 545,570 | 7,919,291 |
| <u>Depreciation</u> | | | | |
| Land Improvements | 149,841 | 4,649 | -- | 154,490 |
| Buildings | 380,814 | 51,775 | -- | 432,589 |
| Equipment | 230,027 | 24,486 | 113,573 | 140,940 |
| Vehicles | <u>3,780,831</u> | <u>628,773</u> | <u>273,926</u> | <u>4,135,678</u> |
| Total Depreciation | <u>4,541,513</u> | <u>709,683</u> | <u>387,499</u> | <u>4,863,697</u> |
| Depreciable Capital Assets, Net | <u>\$ 3,610,396</u> | <u>\$(396,731)</u> | <u>\$ 158,071</u> | <u>\$ 3,055,594</u> |
| Non-Depreciable Capital Assets: | | | | |
| Land | <u>\$ 292,895</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ 292,895</u> |

NOTE F - LONG-TERM LIABILITIES

A schedule of changes in the Organization's long-term liabilities for the years ended June 30, 2021 and 2020 follows:

| | <u>Balance 2020</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 2021</u> | <u>Current Portion</u> |
|-----------------------|-------------------------|-------------------|-------------------|-------------------------|----------------------------|
| Net Pension Liability | <u>\$1,848,436</u> | <u>\$ 427,169</u> | <u>\$ --</u> | <u>\$2,275,605</u> | <u>\$ --</u> |
| | <u>Balance 2019</u> | <u>Additions</u> | <u>Reductions</u> | <u>Balance 2020</u> | <u>Current Portion</u> |
| Net Pension Liability | <u>\$1,913,126</u> | <u>\$ --</u> | <u>\$ 64,690</u> | <u>\$1,848,436</u> | <u>\$ --</u> |

The pension liability, as further described in Note G, represents an actuarial estimate of the Organization's share of the Iowa Public Employee Retirement System (IPERS) unfunded pension liability.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE G - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Organization, except for those covered by another retirement system. Employees of the Organization are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE G - PENSION PLAN - Continued

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal years 2021 and 2020, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Organization contributed 9.44% of covered payroll for a total rate of 15.73%.

The Organization's contributions to IPERS for the years ended June 30, 2021 and 2020 totaled \$252,947 and \$242,690, respectively.

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2021 and 2020, the Organization reported a liability of \$2,275,605 and \$1,848,436, respectively for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and 2019 respectively, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of those dates. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2020, the Organization's proportion was 0.032394%, which was an increase of 0.000473% from its proportion measured as of June 30, 2019.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE G - PENSION PLAN - Continued

For the years ended June 30, 2021 and 2020, the Organization recognized pension expense of \$434,784 and \$421,646, respectively. The Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2021 Deferred Outflows of Resources | 2021 Deferred Inflows of Resources | 2020 Deferred Outflows of Resources | 2020 Deferred Inflows of Resources |
|---|--|---|--|---|
| Differences between expected and actual experience | \$ 2,514 | \$ 53,938 | \$ 5,124 | \$ 66,460 |
| Changes of assumptions | 116,806 | -- | 197,994 | -- |
| Net difference between projected and actual earnings on IPERS investments | 127,925 | -- | -- | 208,296 |
| Changes in proportion and differences between Organization contributions and proportionate share of contributions | 189,480 | -- | 219,350 | -- |
| Organization contributions subsequent to the measurement date | <u>252,947</u> | <u>--</u> | <u>242,690</u> | <u>--</u> |
| | <u>\$ 689,672</u> | <u>\$ 53,938</u> | <u>\$ 665,158</u> | <u>\$ 274,756</u> |

Deferred outflows of resources related to pensions of \$252,947 and \$242,690 represent the amount the Organization contributed subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended June 30, 2022 and 2021 respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30, | 2021 | 2020 |
|------------------------|-------------------|-------------------|
| 2021 | \$ -- | \$ 115,515 |
| 2022 | 101,038 | 14,925 |
| 2023 | 107,506 | 20,993 |
| 2024 | 78,906 | (7,543) |
| 2025 | 91,106 | 3,822 |
| 2026 | <u>4,231</u> | <u>--</u> |
| | <u>\$ 382,787</u> | <u>\$ 147,712</u> |

There were no non-employer contribution entities to IPERS.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE G - PENSION PLAN - Continued

Actuarial Assumptions - The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

| | |
|--|---|
| Rate of Inflation (effective June 30, 2017) | 2.60% per annum. |
| Rates of salary increases (effective June 30, 2017) | 3.25% to 16.25%, average, including inflation. Rates vary by membership group. |
| Long-term investment rate of return (effective June 30, 2017) | 7.00% compounded annually, net of investment expense, including inflation. |
| Wage growth (effective June 30, 2017) | 3.25% per annum based on 2.60% inflation and 0.65% real wage inflation. |

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2020 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

| <u>Asset Class</u> | <u>Asset Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|--------------------------|-------------------------|---|
| Domestic equity | 22.0% | 4.43% |
| International equity | 17.5 | 5.15 |
| Global smart beta equity | 6.0 | 4.87 |
| Core plus fixed income | 28.0 | (0.29) |
| Public credit | 4.0 | 2.29 |
| Cash | 1.0 | (0.78) |
| Private equity | 11.0 | 6.54 |
| Private real assets | 7.5 | 4.48 |
| Private credit | 3.0 | 3.11 |
| Total | <u>100%</u> | |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE G - PENSION PLAN - Continued

Discount Rate - The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed employee contributions will be made at the contractually required rate and contributions from the Organization will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Organization's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate 1% lower (6.00%) or 1% higher (8.00%) than the current rate.

| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
|--|---------------------------|-----------------------------|---------------------------|
| Organization's proportionate share of the net pension liability - June 30, 2021 | \$ 3,794,380 | \$ 2,275,605 | \$ 1,002,136 |
| | 1% Decrease (6.00%) | Discount Rate (7.00%) | 1% Increase (8.00%) |
| Organization's proportionate share of the net pension liability - June 30, 2020 | \$ 3,282,225 | \$ 1,848,436 | \$ 645,789 |

IPERS Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - At June 30, 2021 and 2020, the Organization reported payables to IPERS of \$20,035 and \$18,209, respectively for legally required employer contributions and \$13,350 and \$12,133, respectively, for legally required employee contributions withheld from employee wages which had not yet been remitted to IPERS.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE H - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The Organization operates a single-employer health benefit plan which provides medical/prescription drug benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. At June 30, 2021, no assets have been accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits: Individuals who are employed by the Organization and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit rate subsidy.

Retired participants must be age 55 or older at retirement. The following employees were covered by the benefit terms:

| | <u>June 30, 2021</u> | <u>June 30, 2020</u> |
|---|--------------------------|--------------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 0 | 0 |
| Active employees | <u>29</u> | <u>27</u> |
| Total | <u>29</u> | <u>27</u> |

Net OPEB Obligation: Management of the Organization considers any OPEB obligation, which may exist, to be immaterial. No liability has been recorded.

NOTE I - SUPPORTED ORGANIZATION

The Organization provides administrative support to Southwest Iowa Housing Trust Fund (SIHTF). Support provided includes contracting administrative personnel to SIHTF, collecting revenue and paying expenses of SIHTF, and maintaining the accounting records for SIHTF.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE J - COMMITMENTS AND CONTINGENCIES

Risk Management

The Organization is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. Settled claims from these risks have not exceeded commercial insurance coverage during the past three years.

Litigation

The Organization has been named as a defendant in multiple lawsuits. Legal counsel is unable to evaluate the eventual outcome of the lawsuits. Management believes that, should any liability eventually result, the Organization's insurance coverage is adequate to cover any potential settlement. Therefore, no related liability has been accrued.

Subsequent Events

The Organization has evaluated all subsequent events through December 1, 2021, the date the financial statements were available to be issued.

NOTE K - ECONOMIC DEPENDENCY

The Organization received approximately 51% of its total support and revenue through its contracts with the Iowa and Federal Departments of Transportation for the year ended June 30, 2021 (50% for 2020). The Organization's contract with the Iowa Department of Transportation has been renewed with a 1% increase for fiscal year ending June 30, 2022. The Organization's ongoing contract with the Federal Department of Transportation has been renewed with a less than 1% decrease for fiscal year ending June 30, 2022. No contract has been received with the Federal Department of Transportation for COVID-19 relief for fiscal year ending June 30, 2022.

NOTE L - CONCENTRATION OF CREDIT RISK

The Organization grants credit without collateral to its clients, most of whom are area businesses and local governments. The mix of receivables at June 30, 2021 and 2020, was as follows:

| | <u>2021</u> | <u>2020</u> |
|-------------------|-------------|-------------|
| Local governments | 91% | 95% |
| Area businesses | 8 | 4 |
| Individuals | <u>1</u> | <u>1</u> |
| | <u>100%</u> | <u>100%</u> |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Financial Statements
June 30, 2021 and 2020

NOTE M - BUDGETS AND BUDGETARY ACCOUNTING

The budgetary comparison and related disclosures are not reported as Required Supplementary Information. As there is no legal requirement to adopt a budget, GASB 34 does not require this disclosure.

NOTE N - MATTERS AFFECTING CURRENT AND SUBSEQUENT YEARS OPERATIONS

On March 11, 2020 the World Health Organization declared the Novel Coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's financial position, results of operations or cash flows in 2022 and beyond.

* * *

REQUIRED SUPPLEMENTARY INFORMATION

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedule of the Organization's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Seven Years

Required Supplementary Information

| | <u>2021</u> | <u>2020</u> |
|--|--------------|--------------|
| Organization's proportion of the net pension liability | 0.032394% | 0.031921% |
| Organization's proportionate share of the net pension liability | \$ 2,276,000 | \$ 1,848,000 |
| Organization's covered payroll | \$ 2,571,000 | \$ 2,429,000 |
| Organization's proportionate share of the net pension liability as a percentage of its covered payroll | 88.53% | 76.08% |
| IPERS' net position as a percentage of the total pension liability | 82.90% | 85.45% |

Note - In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding year. Amounts reported are rounded.

See accompanying independent auditor's report.

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------|--------------|--------------|--------------|--------------|
| 0.030232% | 0.026577% | 0.026389% | 0.024669% | 0.024133% |
| \$ 1,913,000 | \$ 1,770,000 | \$ 1,661,000 | \$ 1,219,000 | \$ 957,000 |
| \$ 2,272,000 | \$ 1,983,000 | \$ 1,894,000 | \$ 1,692,000 | \$ 1,580,000 |
| 84.20% | 89.26% | 87.70% | 72.04% | 60.57% |
| 83.62% | 82.21% | 81.82% | 85.19% | 87.61% |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedule of Organization's Contributions

Iowa Public Employees' Retirement System
For the Last Ten Years

Required Supplementary Information

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Statutorily required contribution | \$ 252,900 | \$ 242,700 | \$ 229,300 | \$ 203,000 |
| Contributions in relation to the statutorily required contribution | <u>(252,900)</u> | <u>(242,700)</u> | <u>(229,300)</u> | <u>(203,000)</u> |
| Contribution deficiency (excess) | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| Organization's covered payroll | \$ 2,679,500 | \$ 2,570,900 | \$ 2,429,300 | \$ 2,272,000 |
| Contributions as a percentage of covered payroll | 9.44% | 9.44% | 9.44% | 8.93% |

Note - Amounts reported are rounded and include amounts paid on behalf of supported organization.

See accompanying independent auditor's report.

| <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 177,000 | \$ 169,100 | \$ 151,100 | \$ 141,100 | \$ 133,500 | \$ 124,000 |
| <u>(177,000)</u> | <u>(169,100)</u> | <u>(151,100)</u> | <u>(141,100)</u> | <u>(133,500)</u> | <u>(124,000)</u> |
| <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> | <u>\$ --</u> |
| \$ 1,983,000 | \$ 1,894,000 | \$ 1,692,000 | \$ 1,580,000 | \$ 1,540,100 | \$ 1,536,700 |
| 8.93% | 8.93% | 8.93% | 8.93% | 8.67% | 8.07% |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Notes to Required Supplementary Information - Pension Liability
Year Ended June 30, 2021

Changes of benefit terms:

There are no significant changes in benefit terms.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

* * *

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| <u>Federal Grantor/Pass-through Grantor/Program Title</u> | <u>Assistance Listing Number</u> | <u>Grant or Contract Number</u> |
|--|--|-------------------------------------|
| U.S. Department of Commerce | | |
| Direct Programs | | |
| Support for Planning Organizations | 11.302 | ED18DEN302009 |
| Economic Development Cluster | | |
| Economic Adjustment Assistance | 11.307 | ED20DEN3070124 |
| Economic Adjustment Assistance - Revolving Loan Fund | 11.307 | 05-79-4727 |
| Economic Adjustment Assistance - CARES Act | 11.307 | 05-79-05993 |
| Economic Adjustment Assistance - 2019 Disaster Supplemental | 11.307 | 05-69-05948 |
| Total U.S. Department of Commerce | | |
| U.S. Department of Transportation | | |
| Indirect Programs | | |
| Iowa Department of Transportation | | |
| Highway Planning and Construction Cluster | | |
| SFY 2021 Transportation Planning Work Program | 20.205 | 21RPA-13 |
| Formula Grants for Rural Areas | | |
| SFY 2021 Transportation Planning Work Program | 20.509 | 21RPA-13 |
| Non-Urban Operating Assistance Project | 20.509 | 2019-024-01-SFY21 |
| Emergency Relief - Operating Assistance (CARES Act) | 20.509 | 2020-010-00-FY20 |
| Congestion Mitigation and Air Quality Improvement Project | 20.509 | 2019-002-00-130-FY18 |
| Congestion Mitigation and Air Quality Improvement Project | 20.509 | 2019-002-00-130-FY18 |
| Federal Transit Cluster | | |
| Bus and Bus Facilities Formula and Discretionary Programs (Bus Program) | 20.526 | 2019-008-00-130-FY18 |
| Total U.S. Department of Transportation | | |
| Total Expenditures of Federal Awards | | |
| Total Direct Programs | | |
| Total Indirect Programs | | |

(continued next page)

| <u>Period of Grant</u> | <u>Federal Expenditures</u> |
|------------------------|---------------------------------|
| 07/01/18 to 06/30/21 | \$ 70,000 |
| 07/01/20 to 06/30/22 | 38,745 |
| 07/01/20 to 06/30/21 | 326,116 |
| 07/01/20 to 06/30/22 | 507,399 |
| 02/27/20 to 02/26/23 | <u>43,704</u> |
| | <u>915,964</u> |
| | 985,964 |
| 07/01/20 to 06/30/21 | 29,603 |
| 07/01/20 to 06/30/21 | 6,522 |
| 07/01/20 to 06/30/22 | 1,193,618 |
| 01/20/20 to 06/30/23 | 2,012,096 |
| 02/20/19 to 02/19/21 | 140,320 |
| 02/20/19 to 05/28/21 | <u>52,823</u> |
| | <u>3,405,379</u> |
| 04/08/19 to 04/07/21 | <u>895,844</u> |
| | <u>4,330,826</u> |
| | <u>\$ 5,316,790</u> |
| | <u>\$ 985,964</u> |
| | <u>\$ 4,330,826</u> |

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedule of Expenditures of Federal Awards - Continued
Year Ended June 30, 2021

Computation of CFDA Number 11.307 - Economic Adjustment Assistance - Revolving Loan Fund

Grant Number 05-79-4727

| | |
|---|----------------|
| Balance of loans outstanding at June 30, 2021 | \$ 92,658 |
| Cash and investment balance at June 30, 2021 | 314,987 |
| Total | <u>407,645</u> |

| | |
|--------------------|---------------|
| Federal percentage | <u>80.00%</u> |
|--------------------|---------------|

| | |
|--|-------------------|
| Amount included on Schedule of Expenditures of Federal Awards | <u>\$ 326,116</u> |
|--|-------------------|

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, it is not intended to and does not present the financial position, changes in financial position or cash flows of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate - Southwest Iowa Planning Council, including Southwest Iowa Transit Agency has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Subrecipients - No federal grant awards were passed through to subrecipients during the year ended June 30, 2021.

See accompanying independent auditor's report.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedules of Transit Agency Support, Revenues and Expenses
Year ended June 30,

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|--------------------|
| Public Support and Revenues: | | |
| Public support: | | |
| Iowa Department of Transportation | \$ 679,784 | \$ 580,049 |
| Other state assistance | 552,462 | 562,550 |
| Federal Department of Transportation | 3,205,714 | 1,882,607 |
| Local assistance | 80,000 | 78,000 |
| | <u>4,517,960</u> | <u>3,103,206</u> |
| Revenues: | | |
| Fares | 1,111,680 | 1,281,973 |
| Other | 86,137 | 58,215 |
| | <u>1,197,817</u> | <u>1,340,188</u> |
| Total public support and revenues | 5,715,777 | 4,443,394 |
| Expenses: | | |
| Salaries | 2,151,672 | 2,156,034 |
| Bad debts | 9,689 | -- |
| Depreciation | 835,945 | 693,979 |
| Employee benefits | 460,326 | 479,228 |
| Insurance | 257,687 | 241,078 |
| Lubricants and fuel | 351,451 | 356,986 |
| Payroll taxes | 174,438 | 179,125 |
| Purchased transportation | 188,818 | 88,221 |
| Repairs and maintenance | 374,559 | 203,456 |
| Space costs | 73,395 | 93,757 |
| Transit operations | 162,220 | 265,233 |
| | <u>5,040,200</u> | <u>4,757,097</u> |
| Income (Loss) from Operations | 675,577 | (313,703) |
| Non-Operating Revenue (Expense): | | |
| Interest income | 391 | 13,953 |
| Gain on sale of assets | 8,927 | 28,012 |
| | <u>9,318</u> | <u>41,965</u> |
| Excess of Support and Revenues over Expenses (Expenses Over Support and Revenues) | | |
| Before Capital Grants | 684,895 | (271,738) |
| Capital Grants | <u>1,088,987</u> | <u>197,134</u> |
| Increase (Decrease) in Net Position | <u>\$ 1,773,882</u> | <u>\$(74,604)</u> |

See accompanying independent auditor's report.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY
Schedules of Planning Council Support, Revenues and Expenses
Year ended June 30,

| | <u>2021</u> | <u>2020</u> |
|--|-------------------|---------------------|
| Public Support and Revenues: | | |
| Public support: | | |
| Federal Department of Transportation | \$ 36,125 | \$ 43,050 |
| Federal Department of Commerce | 659,848 | 82,432 |
| State Department of Economic Development | 16,176 | 16,176 |
| City and county dues | <u>75,325</u> | <u>75,158</u> |
| | <u>787,474</u> | <u>216,816</u> |
| Revenues: | | |
| Grant administration | 905,873 | 37,934 |
| Contracts | 244,054 | 204,499 |
| Other | <u>125</u> | <u>732</u> |
| | <u>1,150,052</u> | <u>243,165</u> |
| Total public support and revenues | 1,937,526 | 459,981 |
| Expenses: | | |
| Salaries | 610,467 | 402,634 |
| Depreciation | 15,634 | 15,704 |
| Employee benefits | 219,102 | 162,982 |
| Grant administration | 83,364 | 95,724 |
| Insurance | 3,602 | 3,390 |
| Payroll taxes | 45,991 | 31,229 |
| Postage | 1,526 | 2,863 |
| Space costs | <u>31,015</u> | <u>22,035</u> |
| | <u>1,010,701</u> | <u>736,561</u> |
| Income (Loss) from Operations | 926,825 | (276,580) |
| Non-Operating Revenue: | | |
| Interest income | <u>1,288</u> | <u>4,497</u> |
| Excess of Support and Revenues Over Expenses (Expenses Over Support and Revenues) | <u>\$ 928,113</u> | <u>\$(272,083)</u> |

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency
Atlantic, Iowa

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency, as of and for the years ended June 30, 2021 and 2020, and the related notes to financial statements, and have issued our report thereon dated December 1, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: II-A-21.

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Organization's operations for the year ended June 30, 2021 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Organization. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Southwest Iowa Planning Council and Southwest Iowa Transit Agency's Response to Finding

Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Armstrong, Bell, Thyer + Co. P.C.

Atlantic, Iowa
December 1, 2021

Gronewold, Bell, Kyhnn & Co. P.C.

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS AND FINANCIAL CONSULTANTS

1910 EAST 7th STREET BOX 369
ATLANTIC, IOWA 50022-0369
(712) 243-1800
FAX (712) 243-1265
CPA@GBKCO.COM

MARK D. KYHNN
KENNETH P. TEGELS
CHRISTOPHER J. NELSON
DAVID A. GINTHER

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency
Atlantic, Iowa

Report on Compliance for Each Major Federal Program

We have audited Southwest Iowa Planning Council, including Southwest Iowa Transit Agency's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Organization's major federal program for the year ended June 30, 2021. The Organization's major federal program is identified in the summary of the independent auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2, U.S. Code of Federal Regulations, Part 200 Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on the Major Federal Program

In our opinion, Southwest Iowa Planning Council, including Southwest Iowa Transit Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

To the Policy Council
Southwest Iowa Planning Council
and Southwest Iowa Transit Agency

Report on Internal Control Over Compliance

Management of Southwest Iowa Planning Council, including Southwest Iowa Transit Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Deonard, Bill, Thynne - W. P.C.

Atlantic, Iowa
December 1, 2021

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part I: Summary of the Independent Auditor's Results:

- (a) An unmodified opinion was issued on the financial statements prepared in accordance with accounting principles generally accepted in the United States of America.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements. The audit did not disclose any material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any material weaknesses or significant deficiencies in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.516.
- (g) The major programs were Assistance Listing Number 11.307 - Economic Adjustment Assistance and Assistance Listing Number 20.526 Bus and Bus Facilities Formula and Discretionary Programs (Bus Program).
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Southwest Iowa Planning Council including Southwest Iowa Transit Agency was determined to be a low-risk auditee.

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part II: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCIES:

II-A-21 Segregation of Duties:

Criteria: Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Organization's financial statements.

Condition: A limited number of people have the primary responsibility for most of the accounting and financial reporting duties.

Cause: The Organization has a limited number of employees which does not allow procedures to be established to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect: Inadequate segregation of duties could adversely affect the Organization's ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation: We recognize that it may not be economically feasible for the Organization to employ additional personnel for the sole purpose of segregating duties, however, it is our professional responsibility to bring this control deficiency to your attention. We recommend that the Policy Council be aware of the lack of segregation of duties and that they act as an oversight group to the accounting personnel.

Response: The Policy Council is aware of this lack of segregation of duties, but it is not economically feasible for the Organization to employ additional personnel for this reason. The Policy Council will continue to act as an oversight group.

Conclusion: Response accepted.

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

* * *

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part III: Findings and Questioned Costs For Federal Awards:

INSTANCES OF NONCOMPLIANCE:

No matters were noted.

INTERNAL CONTROL DEFICIENCIES:

No matters were noted.

* * *

SOUTHWEST IOWA PLANNING COUNCIL
INCLUDING
SOUTHWEST IOWA TRANSIT AGENCY

Schedule of Findings and Questioned Costs

Year ended June 30, 2021

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-21 Questionable Expenditures - During the audit, we noted no expenditures of the Organization's funds without proper documentation of public purpose.
- IV-B-21 Travel Expense - No expenditures of Organization money for travel expenses of spouses of Organization officials or employees were noted.
- IV-C-21 Business Transactions - No business transactions between the Organization and Organization officials or employees were noted.
- IV-D-21 Bond Coverage - Surety bond coverage of Organization officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-E-21 Restricted Donor Activity - No transactions were noted between the Organization, Organization officials, Organization employees and restricted donors in compliance with Chapter 68B of the Code of Iowa.
- IV-F-21 Board Minutes - No transactions requiring Board approval were noted which had not been approved.
- IV-G-21 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Organization's investment policy were noted.

* * *